

Chief of Naval Operations
Adm. Jonathan Greenert

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Admiral Greenert: -- get those under contract and get those going. That to me is the primary point.

What's different this year, this year we were able to use prior appropriated funds and go ahead and use those funds, if you will, to pay the bill? We won't have that option next year.

Press: Does that mean we're going to see an effect from ship repair or civilian workers, that type of thing? That type of thing on the table?

Admiral Greenert: If we do not have the ability to reprogram, we might. I don't have the funds yet. The funding level. But it could impact the number of ships, the number of aircraft, destroyers and submarines, for example, that we're able to procure in --

Press: I don't mean procure, but I mean repair.

Admiral Greenert: Ship repair? In that regard it would be a lot like this year. We would have to defer that until we figure out can we reprogram, do we do it in the classical way or can we do it sooner in the year? Obviously if we can do this sooner in the year, October/November time frame, we can get those contracts going and we've got a lot of partners down here. It's much more efficient.

Press: You were talking about ship building at first there. Let's talk about building carriers. The GAO report surfaced last week about problems with the Ford that now they're suggesting maybe you may want to hold up the contract on the Kennedy and that's going to put you at a deficit of one carrier short of the 11 desired in the fleet. How real is that setback going to be? And are you going to be able to keep 11 carriers in the fleet with what's going on with the Ford?

Admiral Greenert: First of all let's speak to the Ford, if you will. I think we have a way ahead with the Ford and it's really about partnering with industry and make sure we do the right thing. Be more efficient in our government furnished equipment. Be more efficient in labor. And as we get through completing the Ford.

Deferring the John F. Kennedy would be really a multifaceted decision. We need to sit down and talk about that. But it would impact the entire sequence of not just my needs but also the industrial base. A very very complicated decision.

Press: It would put more stress on you too as you try to relieve this pressure on the fleet, the sailors, with these extended deployments. Isn't that going to cause problems there too?

Admiral Greenert: It would eventually. Carriers are six, seven, sometimes eight month projects. So certainly that delivery would clobber and interrupt, if you will, the sequencing, overhauling carriers and delivering them, as you said. It's a long term problem. But there are many many issues to discuss.

Press: Sequestration. You talked today in your speech about the importance of forward presence and that if you've got to be forward you've got to be around the world where you need to be. This year, of course, we saw the delay of the Truman going out and back in January. As of today we're seeing Carrier Air Wing 7 standing down. We've seen the furlough letters go out. So we talk about doing more with less, but isn't the reality what you do with less is less?

Admiral Greenert: It is, and the less that I spoke to is surge. So there are certain limited but for sure requirements that we will meet, as I spoke to. One carrier in the Gulf, one carrier in the Western Pacific. That is what we are aligned to do, to be sure that we see those requirements met. It's the carriers that are back here, the ships that are back here, and the surge if you will of classification. Make sure that they're as ready as they can be. That's where the challenge is.

Press: Under the Fleet Response Plan wasn't it the last group of guys that came back are the first ones that are ready to surge. But yesterday Carrier Air Wing 7, the last guys to come back, they're shut down. Isn't that contrary to --

Admiral Greenert: When they're not flying the day they shut down, if you will, they are instantly unready. There's a decaying factor. As I spoke in my comments in there, and what I want to do is rather than sending all those air wings immediately if you will to shut down, as we move into FY14 and plan that budget I want to look to an alternative to that. Flying at a level that makes sense.

Press: You talked about the Board deferring the JFK, a complicated decision. Is that a decision, a process that's happening? Are those talks happening?

Admiral Greenert: No. Not at this time.

Press: In terms of the industrial base, a lot of people asked, knowing you were coming, where do you see this area, partnership with the Navy in the next ten years? And with this continuously cutting of funds, do you see that defense industrial base possibly not being there in ten years if you can't guarantee contracts for more than a year? If companies consider having to furlough people, people leaving the area. What can you tell people about the impact to the Navy ten years down the road?

Admiral Greenert: This is the heart of our nuclear industrial base. Right here. And our nuclear industrial base is incredibly important. So this is a situation, if you will, or a condition we take very seriously.

The discussions we had on year to year really didn't involve nuclear ship building, and really to a large extent repair of even our surface ships. But we have to think very carefully about this as we look long term and we look at sequestration goes long term. How many nuclear ships do we build? What about not just the prime vendor, but the secondary? Those that make valves, parts, critical areas. That's certainly something we're looking hard at.

Press: And speaking about contractors, too. Not just shipbuilding contractors. But just contractors for every facet of the Navy that you use them for. That question that came from the servicing aspect. Those types of defense contractors that help you guys operate day to day on base and everywhere. What happens if those companies start going out of business? Are there going to be discussions about that?

Admiral Greenert: There have been discussions about that and we're taking it to a look at who are the folks that support us, in what categories? And are there ways to look more, as the question that I received, are there ways to look more long term? And we're looking at that.

Press: The Admiral mentioned in his remarks also, talking about 2014 and how they're looking for some flexibility. I believe, Admiral, you were saying the continuing resolution is probably a reality for 2014 as well. That's really where my question is. Is that where we are, congressman? Is the hope for a budget resolution gone for 2014? Will it take another CR? Is it going to be modified so that the Navy has the flexibility that CNO Greenert spoke about?

Voice: First of all, you have to realize we have a lot of confidence in the CNO. That's why if you go back to March and the piece of legislation that we put out, we listened very carefully, worked together with his office and the Secretary's office to make sure we got all the reprogramming that we needed to do in this area, I think we did pretty well with that.

I think the second thing, though, we know this. This is not his fault. He gets dollars that are allocated to him by the White House and the Congress and he has to live within those. I think it's up to us, we've got to change these curve lines if we're going to make sure that we do what we need to do for the industrial base and also to maintain the number of ships that we have in the United States. And we're working very very hard to change the curve lines.

If you look at the shipbuilding plan which he worked very very hard on, he's got a \$4 billion gap. It's not his fault. It's our fault. We've got to fill that gap.

And I think one of the good things the CNO's going to do for us is give us a picture of what it's going to look like if we don't fill that gap. So we can go to policy-makers and change it, but we've got to change those overall [curved] lines and we're working very very hard to do it.

Press: Given the state of financial affairs, Congress, including [inaudible], have sort of closed the door on BRAC for this next budget. But the Navy and DoD have said there is excess capacity on land bases. If you could get more freedom to close bases, is that going to save you money that you can use for these other means?

Admiral Greenert: The Navy, when I look at my infrastructure, particularly bases. Now within bases there's some infrastructure that is excess, but I don't see any particular issue with bases that are screaming to be closed. I'm pretty comfortable. We went through quite a few closures in the other rounds of BRAC and we have strategically balanced our forces and our infrastructure. I'm pretty comfortable with where we are.

Press: You mentioned earlier, Admiral, [about] the recruiting [inaudible]. When I was in the Air Force several years ago, right after 9/11, it was a very different atmosphere as far as recruiting. What they were looking for. There were lines to get into the military. I remember, because I was standing in one of them. So you mentioned that now it's like 25 percent. One in four of the kids that are trying to get in now can qualify and you're looking to diversify the force. Can you talk a little bit about what that kind of diversification looks like with the gender and everything else that you had mentioned? And then likewise with the removal now of Don't Ask/Don't Tell there are a lot of other issues that become complicated with people joining up as well. So is it the quota type system or how would you describe it? What are you looking for and how are you doing it?

Admiral Greenert: First, we're meeting goal on recruiting. We're very happy with, and we have been for over four years, we're very happy with the quality of the recruit that we get today. As I mentioned, we're in the 99-plus percentage for folks with a high school degree. And when they take tests for their potential we're very satisfied with that.

When I was speaking to diversity, if you look out in the future and you look at who in college has technical degrees? Who's graduated from college? More females than males right now. When you look at the demographics of this nation over the next two decades, you'll see there's an ethnic shift in that. We need to be aware of that and we need to go where the talent is so that we mine that talent and bring that into the Navy.

Regrettably, one in four kids in high school, notional kids in high school, don't qualify to join the today. It's just a fact. But again, we are making goal with high quality kids.

Press: Admiral, you mentioned sexual assault in your speech. Could you talk a little bit about when the Pentagon study came out this year and it bumped from 19,000 to 26,000. Just as a leader of these young men and women, they've all held up their right hand. They all know right from wrong. What was your reaction? And what do you think is the root cause? What's going on? Why is this phenomenon going up?

Admiral Greenert: Well, it's a very complex subject. That's pretty obvious. What I mean by that is, this was a survey and this was an extrapolation of answer to the survey, that it could be as high as 26,000. I take that very seriously. This is a problem that we have to go to work on. It is an item of understanding the climate. A climate of dignity and respect that we have to have in each of our units and all of our folks out there. It is also an issue that we have to learn to understand better. Folks need to come forward if there's been a sexual assault so that we can deal with it.

So what needs to be done is, a broad understanding that it is an issue, the right climate has to be in place, and folks that see it or experience it have to come forward and then we need to deal with it deliberately and appropriately and people held accountable.

Press: I just had one question about the furloughs that are starting next week. The Defense Logistics Agency is one of the agencies where there's going to be a lot of people furloughed at the DLA Distribution Center here in [inaudible] starting next week. And there have been some congressmen in the House of Representatives who have asked why agencies like DLA are being furloughed when they're paid for working [inaudible]. Is this something that you'll be looking into? If DLA doesn't work, the Navy doesn't make money, and it points to a lot of other problems. So is that being looked at?

Admiral Greenert: The defense agencies have been managed and are being managed at the defense-wide level, so no, I have not looked into it specifically, but I do watch it very closely and our feedback provided so that we get what we need, if you will, in delivery, for all the working capital fund entities.

Press: Are you worried about DLA not being available to fulfill your needs?

Admiral Greenert: Not yet. We sat down with DLA and we looked at what are our contracting needs and what are our logistics needs between now and the end of the year. And are their priorities able to match our priorities? So far, so good. But we have to watch this very carefully.

Voice: Thank you all very much.

Admiral Greenert: Thank you.

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